

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



October 26, 1989

ALL COUNTY LETTER NO. 89-89

To: ALL COUNTY WELFARE DIRECTORS

Subject: IMPLEMENTATION OF HUNGER PREVENTION ACT PROVISIONS IN THE
FOOD STAMP PROGRAM - RDB #0889-30

Reference: All County Letter No. 88-164, Dated December 30, 1988,
All County Letter No. 89-35, Dated May 2, 1989, All
County Letter No. 89-43, Dated May 16, 1989 and All
County Welfare Directors Letter Dated July 28, 1989.

This letter provides County Welfare Departments (CWDs) with information, instructions and the general notice (TEMP 1764) regarding the implementation of Food Stamp regulation changes contained in the above referenced regulation package. These regulations implement several provisions of the Hunger Prevention Act (HPA) of 1988 (Public Law 100-435). Two of the HPA provisions have already been implemented through All County Letter (ACL) Numbers 88-164, 89-35 and 89-43. Those are the provisions related to the treatment of Earned Income Tax Credit (EITC) advance payments and mandated exclusion from monthly reporting and retrospective budgeting (MRRB) of certain households.

The regulations have been filed with the Office of Administrative Law and are expected to be effective November 1, 1989, unless otherwise stated in the attachment. Some of these provisions will require CWDs to restore benefits to entitled households back to either July 1, 1989 or January 1, 1989.

The attachment provides a detailed description of each provision, along with implementation instructions including effective dates and restoration requirements where applicable. A listing of the provisions being implemented is provided below.

- o Expansion of the definition of "Elderly or Disabled Member" and the related verification requirements (M.S. 63-102 e. (1) and 63-300.519).
- o Information about MRRB to households subject to MRRB at recertification (M.S. 63-300.41).
- o Toll-free or collect call telephone requirements for households living outside local calling areas (M.S. 63-300.414, 63-504.211 and 63-504.411).
- o Reporting requirements for medical expenses for nonmonthly reporting households (M.S. 63-505.511).

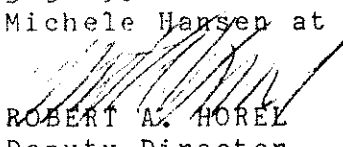
- o Verification requirements for income, medical expenses, and actual utility costs for nonmonthly reporting households (M.S. 63-504.421 and 63-504.631).
- o Reporting requirements for medical expenses for monthly reporting households (M.S. 63-505.34).
- o Verification requirements for dependent care costs, medical expenses, and actual utility costs for monthly reporting households (M.S. 63-504.341 and 63-505.4).
- o Cooperation requirements for excluded household members during the application process (M.S. 63-505.12).
- o Exclusion from MRRB requirements of seasonal farmworker households and households in which all household members are homeless (M.S. 63-505.21).
- o Advancing a household's second month allotment at intake when the household applies after the 15th of the month (M.S. 63-301.543(a) and 63-503.16).
- o Treatment of EITC advance payments (M.S. 63-501.11 and 63-502.2(m)).
- o Treatment of a self-employed farmer's property, income and expenses (M.S. 63-501.3(e), 63-501.521(g), 63-501.526 (Table) and 63-503.411(e)).
- o Treatment of a household's cash benefits received as a result of the household's participation in a federal demonstration project (M.S. 63-502.2(a)(2) and 63-503.254(b)).

Neither revised forms nor detailed forms instructions have been included with this ACL because of the constricted time frames in implementing these regulations. Instructions have been provided when appropriate action cannot be readily inferred from the implementation guidelines.

The following two provisions of the HPA have an anticipated implementation date of April 1, 1990. These provisions are: 1) the joint application for Food Stamps and AFDC, and 2) a written statement of verification requirements to assist clients in completing the application process. We are currently developing an AFDC/Food Stamp joint application form and a verification informing document.

For the remaining provision, the GA/Food Stamp joint application, we are awaiting further clarification from Food and Nutrition Service (FNS) and have no anticipated implementation date at this time for this provision.

If you have any questions regarding forms related issues, the general notice (TEMP 1764), or questions regarding the new telephone requirements, please contact Elizabeth Allred at (916) 323-4954 or ATSS 473-4954. For any other questions, please contact Michele Hansen at (916) 322-5330 or ATSS 492-5330.


ROBERT A. HOREL
Deputy Director

Attachments

cc: CWDA

IMPLEMENTATION INSTRUCTIONS FOR CERTAIN
HUNGER PREVENTION ACT PROVISIONS
(P.L. 100-435) - RDB #0889-30

DEFINITION OF ELDERLY OR DISABLED MEMBER (M.S. 63-102 e.(1))

The definition of an "elderly or disabled member" is expanded to include a member of the household who receives a payment(s) or medical assistance from any one of the following IF THE CONDITION FOR RECEIVING ANY OF THESE BENEFITS IS AT LEAST AS STRINGENT AS THE CONDITIONS USED UNDER TITLE XVI OF THE SOCIAL SECURITY ACT TO RECEIVE DISABILITY OR BLINDNESS BENEFITS:

- o Interim Assistance pending receipt of Supplemental Security Income (M.S. 63-102 e. (1)(D));
- o Disability-related medical assistance under Title XIX (Medi-Cal) of the Social Security Act (M.S. 63-102 e. (1)(E)); or,
- o Disability-based general assistance benefits (M.S. 63-102 e. (1)(F)).

Additionally, the definition of an "elderly or disabled member" is expanded to include a member of the household who receives a payment from:

- o Supplemental Security Income (SSI) benefits under Title XVI of the Social Security Act (M.S. 63-102 e. (1)(B)).

It is clarified in the handbook that an individual receiving SSI will be considered a member of the Food Stamp household ONLY for the purpose of determining household composition. An SSI recipient will, however, be excluded when determining the household size, eligibility or benefit level as he/she is ineligible for Food Stamps (M.S. 63-402.225). The SSI recipient's income and resources will continue to be treated as that of a nonhousehold member (M.S. 63-503.45).

EXAMPLE: A mother is an SSI recipient and lives with her husband who is 59 years old. Their adult son lives in their home but purchases and prepares meals separately from his parents.

In this situation there would be two separate households. The SSI mother and her husband in one

household and their son in his own separate household. The mother and her spouse must be in the same household (M.S. 63-402.143). In this two-person household only the husband is entitled to receive benefits since the mother's SSI status renders her ineligible once the household composition has been established. The husband, however, is not entitled to the excess medical deduction nor the excess shelter deduction. The son is entitled to separate household status because at least one of his parents is disabled (M.S. 63-402.142(a)) and he purchases and prepares meals separately from his parents.

Receipt of interim assistance benefits pending receipt of SSI or disability-based general assistance benefits is included as part of the new definition of a disabled household member. However, it should be noted that the eligibility to receive these payments must be based on criteria at least as stringent as those used under Title XVI of the Social Security Act. Therefore, the client is considered disabled, IF THE CWD HAS A PROGRAM IN WHICH THE ONLY TIME A CLIENT RECEIVES THESE PAYMENTS IS AFTER THE CLIENT'S DISABILITY HAS BEEN ESTABLISHED BASED UPON DISABILITY OR BLINDNESS CRITERIA WHICH ARE AT LEAST AS STRINGENT AS THOSE UNDER TITLE XVI OF THE SOCIAL SECURITY ACT.

A client who receives disability related medical assistance under Title XIX (Medi-Cal) of the Social Security Act is now considered disabled for Food Stamp purposes. In order to receive medical assistance the client must have been determined disabled using criteria at least as stringent as that used under Title XVI of the Social Security Act.

VERIFICATION OF HOUSEHOLD MEMBER'S DISABILITY (M.S. 63-300.519)

If an individual is considered "disabled" under the new categories, the CWD shall verify, through county records, the receipt of payment or medical assistance to the client. However, if the individual is an SSI recipient, the household must provide proof that the individual is receiving SSI.

Effective Date

M.S. 63-102 e. (1) and 63-300.519 above are effective November 1, 1989 for applicants. Continuing cases shall be converted at the household's request, when the case is next reviewed or at the next recertification, whichever occurs first. Benefits must be restored to entitled households retroactive to July 1, 1989 or the household's date of application, whichever occurred later.

INFORMATION AT RECERTIFICATION (Monthly Reporting Households)
(M.S. 63-300.41)

M.S. 63-300.41 requires CWDs to provide information on monthly reporting/retrospective budgeting to households at recertification. This will be in addition to providing the information to households at certification.

Effective Date

The effective date for continuing cases is November 1, 1989.

TELEPHONE REQUIREMENTS (M.S. 63-300.414, 63-504.211 and 63-504.411)

M.S. 63-300.414, 63-504.211 and 63-504.411 require that households living outside the local calling area be provided either a toll-free number or a number where collect calls will be accepted. The CWD must provide households with the toll-free or collect call number(s) at any certification or recertification interview. Additionally, this number(s) must be included with the DFA 377.5, Food Stamp Household Change Report, and all Notices of Action. This number(s) may be placed anywhere space permits, except for the name and address area that shows through the window of an envelope. For initial notification, CWDs have the option of inserting their toll-free or collect call number(s) at the bottom of the second column of the TEMP 1764.

Effective Date

These provisions become effective November 1, 1989.

REPORTING OF MEDICAL EXPENSES (Nonmonthly Reporting Households)
(M.S. 63-505.511)

M.S. 63-505.511 requires nonmonthly reporting households to report changes in total medical costs of more than \$25 rather than only reporting changes of more than \$25 for each individual medical expense.

Effective Date

This regulation is effective November 1, 1989 for applicants. Continuing cases shall be converted at the household's request, when the case is next reviewed or at the next recertification, whichever occurs first.

VERIFICATION REQUIREMENTS (Nonmonthly Reporting Households) (M.S. 63-504.421 and 63-504.631)

M.S. 63-504.421 and 63-504.631 amend verification requirements for nonmonthly reporting households regarding income, total medical expenses or actual utilities.

For nonmonthly reporting households, M.S. 63-504.421 prohibits CWDs from requiring verification of changes of \$25 or less in income, total medical expenses, or actual utility expenses unless the information is incomplete, inaccurate, inconsistent or outdated.

M.S. 63-504.631 requires CWDs to verify medical costs at recertification only if the costs were previously unreported, or the total amount has changed by more than \$25. This does not preclude CWDs from verifying any questionable information which is incomplete, inaccurate, inconsistent or outdated.

Effective Date

These regulations are effective November 1, 1989 for applicants and continuing cases.

REPORTING OF MEDICAL EXPENSES (Monthly Reporting Households) (M.S. 63-505.34)

M.S. 63-505.34 allows monthly reporting households to choose either to continue reporting medical costs monthly or to report a change in medical costs only when the total change is greater than \$25.

Effective Date

This regulation is effective November 1, 1989 for applicants and continuing cases.

VERIFICATION REQUIREMENTS (Monthly Reporting Households) (M.S. 63-504.341 and 63-505.4)

M.S. 63-504.341 and 63-505.4 change the verification requirements for monthly reporting households regarding dependent care costs, medical expenses and actual utilities. Dependent care will only

be reverified when there is a change in the cost or the CWD finds the information questionable. Medical expenses will continue to be verified monthly unless the household chooses to report and verify only changes of more than \$25 in total or when the CWD determines the information is questionable. Households claiming actual utilities will be required to verify the expense only when there is a change since the last report unless the CWD determines the information is questionable. Shelter costs will continue to be verified when first allowed or when the household moves or the amount changes or when the CWD determines the information is questionable.

The TEMP 1764, the general informing notice, which outlines these new verification options, informs the household of its continuing responsibility to report the dependent care and actual utility costs on the CA 7. Since the CA 7 does not ask the household to list their actual utility costs, CWDs should follow any established county procedures necessary to obtain this information when the household fails to report the costs and does not include verification with the CA 7.

NOTE: If the household does not provide proof of medical expenses and the household has chosen to report only changes of more than \$25 in total, the CWD may presume that medical expenses have not changed, unless the CWD has reason to question the expenses.

Effective Date

These regulations are effective November 1, 1989 for applicants and continuing cases. Households that did not provide verification of dependent care costs, actual utility costs, or shelter costs that had not changed, and whose Food Stamp benefits were reduced or terminated due to lack of verification of any of these costs may be entitled to a restoration of benefits back to July 1, 1989. Additionally, households who did not verify medical expenses, or changes in medical expenses may be entitled to a restoration of benefits back to July 1, 1989 or the household's date of application, whichever is later.

COOPERATION OF EXCLUDED HOUSEHOLD MEMBERS (M.S. 63-505.12)

This section is being revised to require that all excluded members (identified in M.S. 63-402.22) of the household must cooperate with the CWD during the application process. If a household member or an excluded household member refuses to cooperate with the CWD during the application process, the application should be denied.

Effective Date

This provision is effective November 1, 1989.

EXCLUSION FROM MONTHLY REPORTING/RETROSPECTIVE BUDGETING
REQUIREMENTS (M.S. 63-505.21)

This section was revised to exclude households in which all members are homeless and seasonal farmworker households from monthly reporting and retrospective budgeting. Information and implementation instructions for this provision were provided to the CWDs through ACL Nos. 88-164 dated December 30, 1988 and 89-35 dated May 2, 1989.

PLEASE NOTE: In a recent Administrative Notice (No. 89-98) the Food and Nutrition Service clarified further what a seasonal farmworker household is. Originally a seasonal farmworker household was defined as a household in which all household members were seasonal farmworkers. The new definition is a household in which any member is engaged in seasonal farm labor during the certification period.

Effective Date

This provision was implemented through ACL No. 88-164, dated December 30, 1988. It was effective for applicants and continuing cases February 1, 1989.

ADVANCING SECOND MONTHS' ALLOTMENT AT INTAKE (M.S. 63-301.543(a)
and 63-503.16)

Section 63-301.543(a) provides that when eligible households entitled to expedited service (ES) apply after the 15th of the month and provide all the necessary verification within the ES time frame, CWDs must issue the prorated, initial month allotment and subsequent month allotment at the same time within the ES time frame.

M.S. 63-503.16 provides that CWDs must issue a household's prorated, initial month allotment and subsequent month allotment within the normal processing time frame to eligible applicants who apply after the 15th of the month.

The CWD may issue the household's initial month and subsequent month allotments as a combined allotment or as separate allotments as long as they are provided to the household at the same time.

Effective Date

These provisions are effective November 1, 1989; however, CWDs have until January 1, 1990 to implement.

TREATMENT OF EARNED INCOME TAX CREDIT (EITC) (M.S. 63-501.11 and 63-502.2(m))

These sections require CWDs to treat EITC advance payments as a resource and to exclude these payments as income.

Effective Date

These provisions were implemented through ACL No. 89-43, dated May 16, 1989. They were effective July 1, 1989 with a restoration date back to January 1, 1989 or the household's application date, whichever occurred later.

SELF-EMPLOYED FARMERS (M.S. 63-501.3(e), 63-501.521(g), 63-501.526 (Table) and 63-503.411(e))

M.S. 63-503.411(e) allows households with self-employment farming income and irregular expenses, the option to average the expenses and related income over a 12-month period of time.

M.S. 63-501.3(e) extends the resource exclusion to property which was essential to a household member's self-employment in farming for one year after the household member ceases to be self-employed in farming. Additionally, M.S. 63-501.521(g) extends the resource exclusion to licensed farm vehicles for a period of one year after the household member ceases to be self-employed in farming. The table used to determine the value of licensed vehicles (63-501.526) has been revised to include the one-year exclusion for licensed vehicles previously used by a household member for the purpose of self-employment farming.

Effective Date

These provisions are effective November 1, 1989 and retroactive to July 1, 1989. CWDs shall restore benefits to entitled households back to July 1, 1989 or the household's date of application, whichever occurred later.

FEDERAL DEMONSTRATION PROJECT - TREATMENT OF INCOME AND EXPENSES
(M.S. 63-502.2(a)(2) and 63-503.254(b))

M.S. 63-502.2(a)(2) allows an income exclusion for any direct payments received by the household, in lieu of an in-kind benefit, as a result of the household's participation in a federal demonstration project or a demonstration project that is created as a result of a waiver of federal provisions.

Any expense (deduction), which is covered by the direct payment resulting from the household's participation in a federal demonstration project or a demonstration project that results from the waiver of federal provisions, shall be disallowed since the income from this source is totally excluded (M.S. 63-503.254(b)).

Effective Date

These provisions are effective November 1, 1989 and are retroactive to July 1, 1989. The CWD shall restore benefits to entitled households back to July 1, 1989 or the household's date of application, whichever occurred later. We are not, however, aware of any such demonstration projects at this time other than San Diego County's Food Stamp cash out project.

GENERAL NOTICE (TEMP 1764)

Because of the "Refusal to Cooperate" provisions concerning excluded household members, all CWDs must post the informing notice (TEMP 1764) in the eligibility and issuance areas frequented by applicants. Posted TEMP 1764s may be obsoleted on July 1, 1990. CWDs are also encouraged to mail the TEMP 1764 with any mailing prior to March 1, 1990. CWDs have the flexibility of printing the English and Spanish or other translated versions on separate pages or back-to-back.

A reference copy of the English TEMP 1764 is attached to this ACL. CWDs may obtain a camera-ready copy of the English and Spanish TEMP 1764 by contacting Nancy Ward, Forms Management Bureau at (916) 322-8738 or ATSS 492-8738. Translations in Chinese, Lao, Cambodian and Vietnamese will be forwarded when available. Translations of the TEMP 1764, including the Spanish version, have been delayed because of unexpected workload demands relating to the Bay Area earthquake.

IMPORTANT NOTICE ABOUT FOOD STAMP BENEFITS

PLEASE READ

The Hunger Prevention Act changed some Food Stamp rules, effective November 1, 1989. This notice tells you about some of the changes that may apply to you. When we say "you" we mean you and/or any member of your household.

DISABLED

The new rules say that you might be able to get medical deductions and the maximum housing deduction if you get:

- Interim assistance/emergency general relief while you're waiting to get Supplemental Security Income/State Supplementary Program **OR**
- Medi-Cal services because you are disabled.

You could get more benefits. You may also get these deductions back to July 1, 1989. (M.S. 63-102e(1))

SELF-EMPLOYED FARMERS

The new rules say that if you are a self-employed farmer you can:

- average your income and expenses over 12 months;
- quit self-employed farming and still have your farming property, including farm vehicles, excluded as a resource for one year after you stop farming.

You could get more benefits because of these rules. You may also be able to get these changes back to July 1, 1989. (M.S. 63-501.521(g); 63-501.3(e); 503.441(e).)

REFUSAL TO COOPERATE

The new rules say that your application may be denied if you have an excluded household member who refuses to cooperate with us. Examples of excluded household members are: SSI recipients; ineligible aliens or ineligible students; persons who have been disqualified or sanctioned because of work and training rules; refusal to provide a social security number, etc.

Your application cannot be approved until **everyone** cooperates. (63-505.1)

PROOF OF COSTS

The new rules change the times you need to turn in proof of the following costs with the Monthly Eligibility Report (CA 7):

- Dependent care - To keep getting your Food Stamp deductions, you must turn in proof when the amount of your costs changes. But to keep getting your **CASH AID** deductions, you must still turn in proof of your dependent care costs with the CA 7 each month. (63-504(b))
- Utility costs, if you claim actual utility costs - To keep getting your deductions, you must turn in proof when the amount of your actual utility costs changes. (63-505.4(e))
- Medical expenses, if your household has an elderly or disabled member - You may choose to:
 - 1- continue turning in all of your bills each month as you do now **OR**
 - 2 -turn in bills only when the amount changes in any month by a total of \$25. (63-504(c))

YOU STILL HAVE TO

- report the dependent care and actual utility cost(s) on the CA 7.
- give us proof the first time you have the cost and/or when we think what you tell us is wrong, out-of date, or incomplete.

TELEPHONE ACCESS

The new rules say that if you live outside the welfare office's local calling area, we will give you a toll-free number or a number where collect calls will be accepted. (M.S. 63-300.414; 63-504.211; 63-504.411)

IF YOU HAVE ANY QUESTIONS, ASK YOUR WORKER